



MERA FONG CITY LOCAL MUNICIPALITY FINANCIAL STATEMENTS AS AT 30 JUNE 2008

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MERA FONG CITY LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	<u>Notes</u>	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
<u>NET ASSETS AND LIABILITIES</u>			
<u>Net Assets</u>		164 760 432	127 150 715
Housing Development Fund	1	1 254 828	1 254 828
Government Grant Reserve		158 091 461	108 459 275
Donations and Public Contributions Reserve		4 152 628	606 338
Capital Replacement Reserve		5 676 160	5 676 160
Accumulated Surplus/(Deficit)		(4 414 645)	11 154 114
<u>Non-current Liabilities</u>		86 925 333	91 947 999
Long-term Liabilities	2	86 925 333	91 947 999
<u>Current Liabilities</u>		171 870 308	143 105 815
Consumer Deposits	3	8 065 799	6 851 571
Provisions	4	9 978 083	8 986 087
Creditors	5	49 278 559	41 799 611
Unspent conditional grants and receipts	6	49 380 570	48 623 962
VAT	7	24 036 789	24 169 698
Current portion of Long-term Liabilities	2	31 130 506	12 674 886
<u>Total Net Assets and Liabilities</u>		423 556 072	362 204 529
<u>ASSETS</u>			
<u>Non-current Assets</u>		265 064 383	186 545 598
Property, Plant and Equipment	8	244 665 569	167 741 667
Investments	9	20 386 342	18 789 938
Long-term Receivables	10	12 472	13 993
<u>Current Assets</u>		158 491 688	175 658 931
Inventory	11	7 705 807	6 864 929
Consumer Debtors	12	69 121 623	86 366 634
Other Debtors	13	28 450 982	6 915 159
Current portion of Long-Term Receivables	10	913 487	872 014
Call Investment Deposits	14	31 639 400	62 890 491
Bank balances and cash	15	20 660 389	11 749 704
<u>Total Assets</u>		423 556 072	362 204 529



MERAFONG CITY LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2008

	<u>Notes</u>	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
<u>REVENUE</u>			
Property rates	16	55 618 834	51 083 359
Property rates - penalties imposed and collection charges		3 752 778	4 558 218
Service charges	17	255 550 962	199 938 620
Rental of facilities and equipment		941 304	995 162
Interest earned - external investments		9 120 940	6 788 507
Interest earned - outstanding debtors		16 530 946	11 520 884
Fines		3 295 320	3 630 805
Licenses and permits		8 160 040	3 298 200
Income for agency services		245 984	5 519 158
Government grants and subsidies	18	145 681 060	136 022 873
Other income	19	16 553 369	12 545 212
Public contributions and donations		4 726 965	740 729
Gains on disposal of property, plant and equipment		1 483 254	4 388 254
<u>TOTAL REVENUE</u>		<u>521 661 757</u>	<u>441 029 979</u>
<u>EXPENDITURE</u>			
Employee related costs	20	152 761 047	122 525 977
Remuneration of Councillors	21	10 262 097	9 734 420
Collection costs		278 931	306 963
Depreciation		17 334 895	6 018 206
Repairs and maintenance		13 282 460	10 224 869
Interest paid	22	13 452 124	8 108 363
Bulk purchases	23	140 300 075	95 856 224
Contracted services		21 379 921	22 094 039
Grants and subsidies paid		11 132 347	9 206 613
General expenses		48 659 819	49 615 526
Transfer to Provisions		59 958 022	37 366 826
<u>TOTAL EXPENDITURE</u>		<u>488 801 739</u>	<u>371 058 026</u>
<u>SURPLUS/(DEFICIT) FOR THE YEAR</u>		<u>32 860 018</u>	<u>69 971 953</u>

Refer to Appendix E(1) for the comparison with the approved budget



MERA FONG CITY LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	<u>Donations and Public Contributions Reserve</u>	<u>Capital Replacement Reserve</u>	<u>Housing Development Fund</u>	<u>Government Grant Reserve</u>	<u>Accumulated Surplus / (Deficit)</u>	<u>Total</u>
	R	R	R	R	R	R
2007						
Restated Balance at 30 June 2007	0	0	1 254 828	57 727 387	5 088 841	64 071 056
Surplus/(deficit) for the year					68 725 932	68 725 932
Contribution to Capital Replacement Grant		5 676 160			(5 676 160)	0
Capital grants used to purchase PPE	614 944			54 906 584	(55 521 528)	0
Offsetting of depreciation	(8 606)			(4 174 696)	4 183 302	0
Balance at 30 June 2007	606 338	5 676 160	1 254 828	108 459 275	16 800 386	132 796 987
Implementation of Grap (See Note 35)					(5 646 273)	(5 646 273)
Restated Balance at 30 June 2007	606 338	5 676 160	1 254 828	108 459 275	11 154 114	127 150 713
2008						
Correction of Error (See Note 26)					122 570	122 570
Surplus/(deficit) for the year					32 860 018	32 860 018
Review of Life of Assets					4 627 130	4 627 130
Capital grants used to purchase PPE	3 595 184			55 793 470	(59 388 654)	0
Offsetting of depreciation	(48 894)			(6 161 283)	6 210 177	0
Balance at 30 June 2008	4 152 628	5 676 160	1 254 828	158 091 461	(4 414 645)	164 760 431



MERAFONG CITY LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	<u>Notes</u>	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Cash receipts from ratepayers, government and other		503 356 005	402 615 330
Cash paid to suppliers and employees		(442 303 659)	(355 367 983)
Cash generated from operations	27	61 052 346	47 247 347
Interest received		9 120 940	6 788 507
Interest paid		(13 452 124)	(8 108 363)
<u>NET CASH FROM OPERATING ACTIVITIES</u>		56 721 162	45 927 492
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of property, plant and equipment		(88 700 299)	(93 940 587)
Proceeds on disposal of property, plant and equipment		1 483 254	4 388 254
(Increase)/decrease in non-current receivables		109 252	(178 267)
(Decrease)/Increase in non-current investments		1 596 404	2 174 126
<u>NET CASH FROM INVESTING ACTIVITIES</u>		(85 511 389)	(87 556 474)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
New loans raised		28 225 296	43 967 690
New loans (repaid)		(15 451 365)	(12 396 367)
Increase in consumer deposits		1 214 227	597 808
<u>NET CASH FROM FINANCING ACTIVITIES</u>		13 988 159	32 169 131
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>		(14 802 068)	-9 459 851
Cash and cash equivalents at the beginning of the year		66 442 835	75 902 686
Cash and cash equivalents at the end of the year	28	51 640 766	66 442 835



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	1 254 828	1 254 828
Unappropriated Surplus	<u>1 254 828</u>	<u>1 254 828</u>
The Housing Development Fund is represented by the following assets and liabilities		
Bank and cash	1 254 828	1 254 828
Total Housing Development Fund Assets and Liabilities	<u><u>1 254 828</u></u>	<u><u>1 254 828</u></u>

2 LONG-TERM LIABILITIES

	<u>118 055 838</u>	104 622 886
Local Registered Stock Loan:	5 100 000	5 100 000
Annuity Loans	75 691 038	64 382 359
Finance Leases	<u>37 264 800</u>	<u>35 140 527</u>
Less : Current portion transferred to current liabilities		
	<u>(31 130 506)</u>	(12 674 886)
Local Registered Stock Loan:	(1 100 000)	0
Annuity Loans	(16 095 768)	(4 014 687)
Finance Leases	<u>(13 934 737)</u>	<u>(8 660 197)</u>
Total External Loans	<u><u>86 925 333</u></u>	<u><u>91 948 000</u></u>

Refer to Appendix A for more detail on long-term liabilities.

Carrying value of certain External Loans could not be determined due to the former Carletonville Council that made use of a Consolidated Loans Fund. External Loans were deposited into the Fund. Various projects were financed out of the Fund

Finance Leases

Total Future Lease Payments

Not Later than 1 Year	13 934 737	8 660 197
Later than 1 Year and not later than 5 years	23 330 064	26 480 330
Later than five years	0	0
	<u>37 264 800</u>	<u>35 140 527</u>

3 CONSUMER DEPOSITS

Electricity and Water	8 065 799	6 851 571
Total Consumer Deposits	<u>8 065 799</u>	<u>6 851 571</u>
Guarantees held in lieu of Electricity and Water Deposits	<u>1 513 860</u>	<u>1 844 395</u>

4 PROVISIONS

Performance bonus	1 340 815	1 214 309
Redundant Stock	916 600	1 043 996
Long-service provision	7 720 668	6 727 782
Total Provisions	<u>9 978 083</u>	<u>8 986 087</u>

Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

Performance bonuses are provided at 12% of the packages of section 57 employees and Managers with performance contracts as stated in the contracts.

Redundant Stock are provided for stock with no movement in the past 400 days

The movement in current provisions are reconciled as follows:

	<u>Performance Bonus</u>	<u>Redundant Stock</u>	<u>Current portion Long-service</u>
30 June 2008			
Balance at beginning of year	1 214 309	1 043 996	6 727 782
Contributions to provision	1 396 405	(127 396)	992 886
Expenditure incurred	(1 269 899)	0	0
Balance at end of year	<u>1 340 815</u>	<u>916 600</u>	<u>7 720 668</u>
30 June 2007			
Balance at beginning of year	1 336 247	1 229 897	7 851 868
Contributions to provision	1 175 548	(185 901)	(531 127)
Expenditure incurred	(1 297 486)	0	(592 959)
Balance at end of year	<u>1 214 309</u>	<u>1 043 996</u>	<u>6 727 782</u>



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

5 CREDITORS

	2008	2007
	R	R
Trade creditors	25 636 829	24 372 055
Payments received in advance	4 358 147	4 725 966
Retentions	4 124	37 774
Tender Deposits	37 774	0
Outstanding Cheques	13 429 708	8 197 363
Other creditors	5 811 978	4 466 453
	49 278 555	41 799 611

6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

6.1 Conditional Grants from other spheres of Government

	49 264 903	44 539 101
MIG Grants	14 042 612	11 193 426
PHB Gauteng	2 772 271	4 756 080
PHB North-West	18 238 168	18 337 349
DPLG	3 923 164	5 225 540
CMIP	0	16 687
Public Works	0	88 353
Dept. of Sports Art and	0	7 382
GAUTRANS	0	245 666
WRDM	857 530	2 003 845
Southern District Municipality	3 400 232	2 020 110
Department of Mineral Energy	5 594 300	194 300
Provincial LED Projects	436 624	450 363

6.2 Other Conditional Receipts

	115 668	4 084 861
NLDTF	68 448	3 542 834
Public contributions	47 221	542 027

Total Conditional Grants and Receipts

	49 380 570	48 623 962
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See Note 18 for reconciliation of grants from other spheres of government

These amounts are invested in a ring-fenced investment until utilize

7 VAT

SARS (VAT)	24 036 789	24 169 698
	24 036 789	24 169 698

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SAF

8 PROPERTY, PLANT AND EQUIPMENT

30-Jun-08								
Reconciliation of Carrying	Land and Buildings	Infrastructure	Community	Heritage	Housing Schemes	Other	Leased Assets	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2007	8 071 216	89 153 488	15 642 204	42 877	19 836 362	11 825 795	27 796 856	172 368 797
Cost	72 325 105	313 926 851	23 444 398	42 877	26 892 786	34 141 869	35 020 376	505 794 263
Review Lifespan						4 627 130		4 627 130
Correction of error (note 27)								0
Accumulated depreciation	(64 253 889)	(224 773 363)	(7 802 194)	0	(7 056 425)	(26 943 204)	(7 223 521)	(338 052 596)
Acquisitions	0	46 253 909	8 586 327	2 856	17 760 818	2 468 086	13 628 303	88 700 299
Capital under Construction								
Depreciation	(34 926)	(5 553 880)	(61 258)	0	(698 230)	(5 525 167)	(5 461 413)	(17 334 894)
Carrying value of disposal:						(338 389)		(338 389)
Cost			0	0	0	(1 651 441)		(1 651 441)
Accumulated depreciation		0	0	0	0	1 313 053		1 313 053
Impairment losses	(37 517)	0	2 082	1 455	0	285 727		251 748
Other movements	5 590	0	0	0	0	1 012 420		1 018 010
Carrying values at 30 June 2008	8 004 363	129 853 517	24 169 354	47 188	36 898 950	9 728 452	35 963 746	244 665 569
Cost	72 287 588	360 180 760	32 032 806	47 188	44 653 605	35 244 241	48 648 680	593 094 867
Accumulated depreciation	(64 283 225)	(230 327 243)	(7 863 452)	0	(7 754 655)	(25 515 789)	(12 684 934)	(348 429 298)



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Land and Buildings	Infrastructure	Community	Heritage	Housing Schemes	Other	Leased Assets	Total
Reconciliation of Carrying Value								
	R	R	R	R		R	R	R
Carrying values at 1 July 2006	8 107 456	50 462 352	14 809 544	41 377	8 199 586	4 284 758	0	85 909 619
Cost	72 329 711	271 325 597	21 064 409	41 377	14 885 032	42 418 924	0	422 065 050
Correction of error (note 27)								
Accumulated depreciation	(64 223 714)	(220 878 053)	(7 780 504)	0	(6 685 447)	(36 587 713)	0	(336 155 431)
Acquisitions	0	42 738 526	2 379 989	0	12 007 754	1 793 941	35 020 376	93 940 586
Capital under Construction								
Depreciation	(36 278)	(3 939 687)	(21 690)	0	(370 978)	(1 649 573)	(7 223 521)	(13 241 727)
Carrying value of disposal	(3)	(92 895)	0	0		(712 046)		(804 944)
Cost	(6 106)	(137 272)	0	0	0	(12 006 128)		(12 149 506)
Accumulated depreciation	6 103	44 377	0	0	0	11 294 082		11 344 562
Impairment losses	0	0	0	0	0	0	0	0
Other movements	1 500	0	0	1 500	0	1 935 132	0	1 938 132
Carrying values at 30 June 2007	8 071 216	89 153 488	15 642 204	42 877	19 836 361	7 198 665	27 796 856	167 741 667
Cost	72 325 105	313 926 851	23 444 398	42 877	26 892 786	34 141 869	35 020 376	505 794 262
Accumulated depreciation	(64 253 889)	(224 773 363)	(7 802 194)	0	(7 056 425)	(26 943 204)	(7 223 521)	(338 052 596)

Refer to Appendix B for more detail on property, plant and equipment.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2010. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2010.

9 **INVESTMENTS**

Listed

Sanlam 159 891 216 624

Financial Instruments

Fixed Deposits 20 226 451 18 573 315
20 386 342 18 789 938

Fixed deposits amounting to R13 020 666.73 are ring-fenced for the purpose of repaying long-term liabilities as set out in Note 2

10 **LONG-TERM RECEIVABLES**

	925 959	886 007
Consumer Loans	138 196	134 272
Computer Loans	13 994	15 516
Bursaries	773 769	736 220

Less : Current portion transferred to current receivables (913 487) (872 014)

Consumer Loans	(138 196)	(134 272)
Computer Loans	(1 522)	(1 522)
Bursaries	(773 769)	(736 220)

Total 12 472 13 993

Bursaries

Bursaries were granted in terms of a specific policy at an interest rate of 8% if the candidate pass or 10% if they fail their academic year.

Computer Loans

Computer loans are charged at an interest rate equivalent to the rate that Council invest funds during the ye

Consumer Loans

Consumer Loans are granted to consumers for the purchase of stands and are charged interest equal to the prevailing prime rate.



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

11 INVENTORY

Consumable stores – at cost	7 324 597	6 496 786
Potable Water	381 210	368 143
	<u>7 705 807</u>	<u>6 864 929</u>

12 CONSUMER DEBTORS

	<u>Gross Balances</u>	<u>Provision for</u> <u>Bad Debts</u>	<u>Net Balance</u>
<u>As at 30 June 2008</u>	<u>R</u>	<u>R</u>	<u>R</u>
<u>Service debtors</u>			
Rates	63 522 450	56 211 016	7 311 434
Electricity	17 357 889	14 008 316	3 349 573
Water	74 545 160	56 645 953	17 899 208
Sewerage	29 455 693	23 771 593	5 684 101
Refuse Removal	45 149 921	36 437 287	8 712 634
Sundry	135 588 493	109 423 819	26 164 674
Total	<u>365 619 607</u>	<u>296 497 983</u>	<u>69 121 623</u>

	<u>Gross Balances</u>	<u>Provision for</u> <u>Bad Debts</u>	<u>Net Balance</u>
<u>As at 30 June 2007</u>	<u>R</u>	<u>R</u>	<u>R</u>
<u>Service debtors</u>			
Rates	54 596 056	45 518 027	9 078 029
Electricity	17 976 619	7 110 932	10 865 687
Water	79 678 392	58 642 029	21 036 363
Sewerage	25 869 462	18 716 516	7 152 946
Refuse Removal	40 515 224	30 099 162	10 416 062
Sundry	105 262 839	77 445 292	27 817 547
Total	<u>323 898 592</u>	<u>237 531 958</u>	<u>86 366 634</u>

	<u>2008</u>	<u>2007</u>
	<u>R</u>	<u>R</u>
<u>Rates: Ageing</u>		
Current (0 – 30 days)	3 006 178	3 427 916
31 – 60 Days	2 946 148	2 571 832
61 – 90 Days	1 610 312	1 575 402
91 – 120 Days	1 386 398	1 502 879
121 – 365 Days	4 132 607	13 055 596
+ 365 Days	50 440 807	32 462 431
Total	<u>63 522 450</u>	<u>54 596 056</u>

<u>(Electricity, Water, Sewerage, Refuse and Other): Ageing</u>		
Current (0 – 30 days)	13 824 406	23 568 886
31 – 60 Days	15 120 357	17 609 268
61 – 90 Days	8 964 005	8 657 545
91 – 120 Days	7 372 753	7 174 497
121 – 365 Days	6 954 972	5 038 046
+ 365 Days	249 860 665	207 254 294
Total	<u>302 097 157</u>	<u>269 302 536</u>

<u>Summary of Debtors by</u> <u>Customer Classification</u>	<u>Consumers</u>	<u>Industrial/</u> <u>Commercial</u>	<u>National and</u> <u>Provincial</u> <u>Government</u>
<u>30 June 2008</u>	<u>R</u>	<u>R</u>	<u>R</u>
Current (0 – 30 days)	17 269 915	366 217	805 548
31 – 60 Days	17 092 701	575 351	398 453
61 – 90 Days	10 020 558	260 738	293 021
91 – 120 Days	8 269 220	107 036	382 894
121 – 365 Days	304 950 681	1 444 511	4 993 858
Total debtors by customer classification	<u>357 603 077</u>	<u>2 753 852</u>	<u>5 262 678</u>



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

<u>Summary of Debtors by Customer Classification</u>	<u>Consumers</u>	<u>Industrial/Commercial</u>	<u>National and Provincial Government</u>
<u>30 June 2007</u>	<u>R</u>	<u>R</u>	<u>R</u>
Current (0 – 30 days)	25 689 710	923 339	383 753
31 - 60 Days	19 402 863	364 077	414 160
61 - 90 Days	9 791 868	150 363	290 716
91 - 120 Days	8 348 427	56 753	272 197
121 - 365 Days	251 820 243	622 366	5 367 757
Total debtors by customer classification	315 053 111	2 116 898	6 728 583

<u>Reconciliation of the Bad Debt Provision</u>	<u>2008</u>	<u>2007</u>
	<u>R</u>	<u>R</u>
Balance at beginning of the year	237 531 958	198 919 108
Contributions to provision	58 966 025	38 612 850
Bad debts written off against provision	0	0
Reversal of provision	0	0
Balance at end of year	296 497 983	237 531 958

13 OTHER DEBTORS

Payments made in advance	5 348 909	2 972 298
Corilog Pre Paid	203 732	0
Irregular Expenditure (see Note 30.2)	866 554	866 554
Government subsidies	6 781 401	0
Nedbank	498 630	1 199 490
DBSA	14 751 755	1 876 817
Total Other Debtors	28 450 982	6 915 159

14 CALL INVESTMENT DEPOSITS

Other Deposits	31 639 400	62 890 491
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Deposits amounting to R49 478 060 (2007: R55 554 950) have been ring-fenced for the purposes of unutilised Government Receipts in Note 6

15 BANK, CASH AND OVERDRAFT BALANCES

<u>Current Account (Primary Bank Account)</u>	<u>2008</u>	<u>2007</u>
ABSA Bank Ltd - Carletonville Branch		
Account Number - 3 000-0000-2		
Cashbook Balance at the beginning of the year - Overdraw	(9 891 777)	(8 029 927)
Less: Outstanding Cheques	5 962 928	5 962 928
	(3 908 849)	(2 046 999)
Cashbook Balance at the end of the year - Overdraw	3 036 104	(9 891 777)
Less: Outstanding Cheques	0	8 073 726
	3 036 103	(1 818 053)
Bank Statement Balance at the beginning of the year	(3 889 256)	(2 584 378)
Bank Statement Balance at the end of the year - Overdraw	3 039 289	(3 889 256)
Current Account		
ABSA Bank Ltd - Carletonville Branch		
Account No. 16-1000-0017 (Fochville Account)		
Cashbook Balance at the beginning of the year	579 220	19 467
Cashbook Balance at the end of the year	374 769	579 220
Bank Statement Balance at the beginning of the year	579 220	19 467
Bank Statement Balance at the end of the year	355 506	579 220



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Current Account

ABSA Bank Ltd - Carletonville Branch

Account No. 146-6380-8201 (Merafong Traffic Account)

Cashbook Balance at the beginning of the year	1 060 393	141 565
Cashbook Balance at the end of the year	2 030 045	1 060 393
Bank Statement Balance at the beginning of the year	1 065 268	141 565
Bank Statement Balance at the end of the year	2 030 045	1 065 268

Current Account

ABSA Bank Ltd - Carletonville Branch

Account No. 40-6391-4228 (Merafong Disaster Fund account)

Cashbook Balance at the beginning of the year	35 469	66 126
Cashbook Balance at the end of the year	18 445	35 469
Bank Statement Balance at the beginning of the year	35 469	66 126
Bank Statement Balance at the end of the year	18 445	35 469

Current Account

ABSA Bank Ltd - Carletonville Branch

Account No. 40-6061-4407 (Special Projects)

Cashbook Balance at the beginning of the year	11 101	9 226
Cashbook Balance at the end of the year	22 430	11 101
Bank Statement Balance at the beginning of the year	26 101	9 226
Bank Statement Balance at the end of the year	32 430	26 101

Current Account

NEDBANK Ltd - Corporate Banking

Account No. 1454087331 (Main Account)

Cashbook Balance at the beginning of the year	11 738 322	0
Less: Outstanding Cheques	123 638	0
	11 861 960	0
Cashbook Balance at the end of the year	1 732 177	11 738 322
Less: Outstanding Cheques	13 429 708	123 638
	15 161 885	11 861 960
Bank Statement Balance at the beginning of the year	9 876 245	0
Bank Statement Balance at the end of the year	15 538 914	9 876 245

Current Account

NEDBANK Ltd - Corporate Banking

Account No. 1454087358 (Traffic)

Cashbook Balance at the beginning of the year	258	0
Cashbook Balance at the end of the year	115	258
Bank Statement Balance at the beginning of the year	542	0
Bank Statement Balance at the end of the year	115	542



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Current Account

NEDBANK Ltd - Corporate

Account No. 1454087366 (Disaster)

Cashbook Balance at the beginning of the year	(579)	0
Cashbook Balance at the end of the year	(1 827)	(579)
Bank Statement Balance at the beginning of the year	(579)	0
Bank Statement Balance at the end of the year	(1 827)	(579)

Current Account

NEDBANK Ltd Corporate

Account No. 1454087374 (Donations)

Cashbook Balance at the beginning of the year	(579)	-
Cashbook Balance at the end of the year	(1 827)	(579)
Bank Statement Balance at the beginning of the year	(579)	-
Bank Statement Balance at the end of the year	(1 827)	(579)

Current Account

NEDBANK Ltd - Corporate

Account No. 1454087382 (Special Projects)

Cashbook Balance at the beginning of the year	(579)	-
Cashbook Balance at the end of the year	(1 827)	(579)
Bank Statement Balance at the beginning of the year	26 101	(579)
Bank Statement Balance at the end of the year	(1 527)	26 101

Petty Cash

Balance at the beginning of the year	21 093	20 213
Balance at the end of the year	22 080	21 093

TOTAL CASHBOOK (OVERDRAFT) BALANCE

20 660 389	11 749 704
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16 PROPERTY RATES

Actual	2008	2007
Residential	54 802 799	50 342 783
State	816 035	740 576
Total Assessment Rates	55 618 834	51 083 359

Valuations	2008	2007
	R000's	R000's
Residential	452 654	452 654
Commercial	77 145	77 145
State	4 439	4 439
Municipal	1 431	1 431
Total Property Valuations	535 669	535 669

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2004. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.00199 (2007: R0.0187) is applied to property valuations to determine assessment rates. Rebates of 30% are granted to residential and state property owners and 15% on Agricultural and Business properties. Rates are levied on a monthly basis on property owners. Interest at Prime is levied on outstanding rates.



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

17 SERVICE CHARGES

Sale of electricity	82 831 342	80 185 533
Sale of water	135 453 345	85 024 902
Refuse removal	21 611 561	19 895 075
Sewerage and sanitation charges	15 072 310	14 833 110
Rent Subsidised Housing	582 405	0
Total Service Charges	255 550 962	199 938 621

18 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	65 298 175	68 624 988
Health subsidies	8 515 834	3 765 086
District Municipalities	9 835 719	0
Government Grants received	62 031 332	63 632 799
Total Government Grant	145 681 060	136 022 874

18.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R168.56 (2006: R155.42) which is funded from this grant.

18.2 Provincial Health Subsidies

Balance unspent at beginning of year	0	0
Current year receipts - included in public health vote	8 515 834	3 765 086
Conditions met - transferred to revenue	(8 515 834)	(3 765 086)
Conditions still to be met - transferred to liabilities (see note)	0	0

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 80% of total expenditure incurred. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy.

18.3 MIG Grant

Balance unspent at beginning of year	11 193 426	16 965 066
Current year receipts	29 373 439	34 522 872
Conditions met - transferred to revenue	(26 524 253)	(40 294 512)
Conditions still to be met - transferred to liabilities (see note)	14 042 612	11 193 426

This grant was used to construct various infrastructure assets. No funds have been withheld.

18.4 Provincial LED Projects

Balance unspent at beginning of year	450 363	450 363
Current year receipts	0	0
Conditions met - transferred to revenue	(13 739)	0
Conditions still to be met - transferred to liabilities (see note)	436 624	450 363

Provincial LED Projects grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government (included in Council General vote in Appendix D). No funds have been withheld.

18.5 CMIP

Balance unspent at beginning of year	16 687	16 687
Current year receipts	0	0
Conditions met - transferred to revenue	(16 687)	0
Conditions still to be met - transferred to liabilities (see note)	0	16 687

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld.

18.6 Department of Sports and Recreation

Balance unspent at beginning of year	7 382	7 382
Current year receipts	0	0
Conditions met - transferred to revenue	(7 382)	0
Conditions still to be met - transferred to liabilities (see note)	0	7 382

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld.



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

18.7 DPLG

Balance unspent at beginning of year	5 225 540	5 331 909
Current year receipts	1 234 000	1 234 000
Conditions met - transferred to revenue	(2 536 376)	(1 340 369)
Conditions still to be met - transferred to liabilities (see note)	<u>3 923 164</u>	<u>5 225 540</u>

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.8 Gauteng Provincial Housing Board

Balance unspent at beginning of year	4 756 080	7 058 880
Current year receipts	1 160 042	1 883 910
Conditions met - transferred to revenue	(3 143 852)	(4 186 710)
Conditions still to be met - transferred to liabilities (see note)	<u>2 772 271</u>	<u>4 756 080</u>

This grant was used to construct housing. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.9 North West Provincial Housing Board

Balance unspent at beginning of year	18 337 349	15 144 786
Current year receipts	24 706 607	10 950 000
Conditions met - transferred to revenue	(24 805 788)	(7 757 437)
Conditions still to be met - transferred to liabilities (see note)	<u>18 238 168</u>	<u>18 337 349</u>

This grant was used to construct housing. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.10 Public Works

Balance unspent at beginning of year	88 353	88 353
Current year receipts	0	0
Conditions met - transferred to revenue	(88 353)	0
Conditions still to be met - transferred to liabilities (see note)	<u>0</u>	<u>88 353</u>

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.11 West Rand District Municipality

Balance unspent at beginning of year	2 003 845	3 224 999
Current year receipts	440 300	766 800
Conditions met - transferred to revenue	(1 586 615)	(1 987 954)
Conditions still to be met - transferred to liabilities (see note)	<u>857 530</u>	<u>2 003 845</u>

This grant was used to construct infrastructure and to finance a HIV Programme. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.12 GAUTRANS

Balance unspent at beginning of year	245 666	378 995
Current year receipts	0	1 348 559
Conditions met - transferred to revenue	(245 666)	(1 481 888)
Conditions still to be met - transferred to liabilities (see note)	<u>0</u>	<u>245 666</u>

This grant was used to construct infrastructure and to finance a HIV Programme. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.13 Dr Kaunda District Municipality

Balance unspent at beginning of year	2 020 110	0
Current year receipts	4 232 316	6 200 000
Conditions met - transferred to revenue	(2 852 194)	(4 179 890)
Conditions still to be met - transferred to liabilities (see note)	<u>3 400 232</u>	<u>2 020 110</u>

This grant was used to construct infrastructure and to finance a HIV Programme. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

18.14 Department of Mineral Energy

Balance unspent at beginning of year	194 300	0
Current year receipts	5 400 000	1 000 000
Conditions met - transferred to revenue	0	(805 700)
Conditions still to be met - transferred to liabilities (see note)	<u>5 594 300</u>	<u>194 300</u>

This grant was used to construct infrastructure and to finance a HIV Programme. Other than the unspent amount, t conditions of the grant were met. No funds have been withheld

18.15 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, 2006, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

19 OTHER INCOME

Other Income	16 553 369	12 545 212
Total Other Income	<u>16 553 369</u>	<u>12 545 212</u>

20 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	100 105 412	82 473 090
Employee related costs - Contributions for UIF, pensions and medical aids	30 527 827	24 411 852
Travel, motor car, accommodation, subsistence and other allowances	6 581 531	5 985 004
Housing benefits and allowances	2 323 660	1 845 229
Overtime payments	11 328 407	6 042 295
Performance bonus	1 269 899	1 297 486
Long-service awards	624 311	471 021
Total Employee Related	<u>152 761 047</u>	<u>122 525 976</u>

There were no advances to employees. Loans to employees are set out in note 1

Remuneration of the Municipal Manager

Annual Remuneration	747 934	689 976
Performance Bonus	89 752	82 720
Total	<u>837 687</u>	<u>772 696</u>

Remuneration of the Chief Financial Officer

Annual Remuneration	625 481	577 012
Performance Bonus	75 058	69 117
Total	<u>700 539</u>	<u>646 129</u>

Remuneration of Individual Strategic Executives

	<u>Infrastructure Development</u>	<u>Corporate Services</u>	<u>Community Services</u>	<u>Economic Development, Planning & Environmental Management</u>
30 June 2008	R	R	R	R
Annual Remuneration	625 481	625 481	625 481	625 481
Performance Bonuses	75 058	0	75 058	75 058
Total	<u>700 539</u>	<u>625 481</u>	<u>700 539</u>	<u>700 539</u>
30 June 2007				
Annual Remuneration	577 012	577 012	577 012	577 012
Performance Bonuses	69 177	0	69 177	69 177
Total	<u>646 189</u>	<u>577 012</u>	<u>646 189</u>	<u>646 189</u>



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

21 REMUNERATION OF COUNCILLORS

Executive Mayor	514 039	553 579
Speaker	402 562	389 376
Members	3 163 576	3 611 831
Councillors	6 181 920	5 179 634
Remuneration	10 262 097	9 734 420

In-kind Benefits

The Executive Mayor, Speaker, Chief Whip and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has four full-time VIP Security personnel.

22 INTEREST PAID

External loans	7 904 120	7 986 498
Arrear Creditors Accounts	25 439	11 106
Finance leases	5 506 868	40 264
Bank overdrafts	15 699	70 495
Total Interest on External Borrowings	13 452 124	8 108 363

23 BULK PURCHASES

Electricity	44 018 267	41 504 243
Water	96 281 808	54 351 981
Total Bulk Purchases	140 300 075	95 856 224

24 GRANTS AND SUBSIDIES PAID

Grant to SPCA	99 822	88 754
	99 822	88 754

Subsidy to the SPCA is to assist Council to fulfil the function in accordance with Annexure B, Powers, Duties and Functions of Local Municipalities read with section 4(1)a of the North-West Provincial Notice 509 of 2005 establishment notice of Merafong City Local Municipality within the North-West Province. The subsidies is paid according to the Service Level Agreement.

25 GENERAL EXPENSES

Included in general expenses are the following:-

25.1 Khutsong Disaster	581 712	510 339
25.2 Dolomite Disaster	187 170	161 174
	768 882	671 513

Following the decision of the Demarcation Board to incorporate Merafong into the North-West Province the residents of Khutsong were unsatisfied and resorted to violence. The Councillors residing in Khutsong houses were burnt down and the councillors had to be evacuated and resettled.

Council had to evacuate families who's life's were in danger due to the dolomite situation in Khutsong.

26 CORRECTION OF ERROR

Health Claims receipts not allocated. Disclosed as Unclaimed Deposits

Council Property charged Assessment Rates plus Interest was charged

Outstanding Health claims of 2006/2007 not disclosed

The comparative amount has been restated as follows: -

Correction Billing	(194)
Health claims disclosed as Unidentified Deposits	946 540
Council Property charged Assessment Rates	(1 874 784)
Interest Charged on the above	(270 963)
Health claims for the last three months of 2006/2007 not disclosed	1 321 971
Net effect on surplus/(deficit) for the year	122 570



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

27 CASH GENERATED BY OPERATIONS

Surplus/(Deficit) for the year	32 860 018	68 725 931
Adjustment for:-		
Depreciation	17 334 894	11 398 217
Transfer projects Funds	3 923 979	0
Gain on disposal of property, plant and equipment	(1 483 254)	(4 388 254)
Transfer to Reserves	0	(5 676 160)
Correction of Error	122 570	
Implementation of Grap	0	(5 646 273)
Interest paid	13 452 124	8 108 363
Investment income	(9 120 940)	(6 788 507)
Operating surplus before working capital changes:	57 069 390	65 733 317
(Increase)/Decrease in inventories	(840 878)	(1 277 383)
(Increase)/Decrease in Debtors	17 245 011	(24 944 911)
(Increase)/Decrease in other Debtors	(21 535 823)	(1 506 661)
(Decrease)/Increase in conditional grants and receipts	756 608	(1 248 458)
Increase in Provisions	991 996	(419 808)
Increase in Creditors	7 478 952	7 131 945
Increase (Decrease) in VAT	(132 908)	3 779 306
Cash generated by/(utilised in) operations	61 052 348	47 247 347

28 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	20 660 389	3 552 344
Call investment deposits	31 639 400	62 890 491
Total cash and cash equivalents	52 299 790	66 442 835

29 UTILISATION OF LONG-TERM LIABILITIES

Long-term liabilities (see Note 2)		
Used to finance property, plant and equipment -- at co	29 379 250	8 292 258
Sub- total	29 379 250	8 292 258
Cash set aside for the repayment of long-term liabilities	0	0
Cash invested for repayment of long-term liabilities (see note 14)	29 379 250	16 615 812

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL

30 EXPENDITURE DISALLOWED

30.1 Irregular Expenditure

Reconciliation of fruitless and wasteful		
Opening balance	866 554	866 554
Fruitless and wasteful expenditure current year	0	11 106
Condoned or written off by Council	0	(31 106)
To be recovered -- contingent asset	0	0
Fruitless and wasteful expenditure awaiting condonement	866 554	866 554

Incident	Disciplinary steps/criminal
Water Tanker Stolen	Outstanding Disciplinary case - SAPS case number 363/12/2004

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE

31 MANAGEMENT ACT 2003, (Act 56 of 2003)

31.1 Contributions to organized local government

Opening balance	0	0
Council subscriptions	463 826	467 443
Amount paid - current year	(463 826)	(467 443)
Amount paid - previous year	0	0
Balance unpaid (included in creditors)	0	0



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

31.2 Audit fees

Opening balance	0	0
Current year audit fee	1 777 898	982 027
Amount paid - current year	(1 777 898)	(982 027)
Amount paid - previous year	0	0
Balance unpaid (included in creditors)	0	0

31.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

31.4 PAYE and UIF

Opening balance	0	0
Current year payroll deduction	16 331 184	17 290 736
Amount paid - current year	(15 807 812)	(17 290 736)
Amount paid - previous year	0	0
Balance unpaid (included in creditors)	523 372	0

31.5 Pension and Medical Aid Deductions

Opening balance	0	0
Current year payroll deductions and Council Contribution	37 952 418	31 525 288
Amount paid - current year	(37 952 418)	(31 525 288)
Amount paid - previous year	0	0
Balance unpaid (included in creditors)	0	0

31.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:-

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
30th June 2008			
T Mokapela	894.01	726.23	167.78
TK Foteng	2 506.55	1 251.54	1 255.01
C Dyonase	11 626.09	1 253.14	10 372.95
Total Councillors Arrear Consumer Accounts	15 026.65	3 230.91	11 795.74
30th June 2007			
T Mokapela	6 705.78	746.03	5 959.75
PN Gulubele	921.92	314.17	607.75
Total Councillors Arrear Consumer Accounts	7 627.70	1 060.20	6 567.50

During the year the following Councillor's had arrear accounts:
 Outstanding for more than 90 days

	Highest Amount Outstanding	Ageing Days
	R	
30th June 2008		
T Mokapela	6 160.04	120+
TK Foteng	3 250.23	120+
C Dyonase	13 451.87	120+
30th June 2007		
T Mokapela	10 329.35	120+
PN Gulubele	8 421.52	120+
P Molamu	4 444.27	120+
P Salane	5 187.39	120+



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

32 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for

	62 471 373	48 623 964
Infrastructure	58 320 721	30 856 594
Community	3 980 552	10 000 000
Heritage	0	0
Other	170 100	7 767 369

- Approved but not yet contracted for

	402 641 390	0
Infrastructure	345 336 843	0
Community	45 275 943	0
Heritage	0	0
Other	12 028 605	0

Total **465 112 763** **48 623 964**

This expenditure will be financed from:

- External Loans	2 600 000	
- Government Grants	412 141 388	44 729 717
- Own resources	11 470 100	0
- District Council Grants	0	3 894 246
- Public Contributions and Donation	38 901 274	0
	465 112 763	48 623 963

33 RETIREMENT BENEFIT INFORMATION

Some employees belong to a defined benefit retirement fund administered by the Provincial Pension Fund. The Joint Municipal pension fund is a defined benefit Fund and subjected to a triennial actuarial valuation. The last valuation was performed in December 2004. These valuations indicate that the fund are in a sound financial position. The estimated liability of the funds is R1 562 237 000 which is adequately financed by assets of R1 620 835 000

An amount of R38 million (2007 : R31.5 million) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed.

34 CONTINGENT LIABILITY

35.1 Khutsong Disaster

Following the decision of the Demarcation Board to incorporate Merafong into the North-West Province the residents of Khutsong were unsatisfied and resorted to violence. The Council offices were burnt down and needs to be rebuilt. The settlement from SASRIA is not known at the time of reporting. The extend of the Liability cannot be determined at this stage.

35.2 Third Party Claims **554 000** **0**

Various third party claims were outstanding at year end

35 CHANGE IN ACCOUNTING POLICY- IMPLEMENTATION OF GRAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP: -

35.1 Assets previously reported	470 773 886
Implementation of Grap	
Leases:	
Amasondo	28 287 638
Nashua	1 618 867
Konica	144 742
MTN	17 902
Rentworks	4 951 228
	35 020 377
Total	505 794 263



MERAFONG CITY LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

35.2 Long Term Liabilities previously reported	(70 631 957)
Implementation of Grap	
Leases:	
Amasondo	(28 287 638)
Nashua	(1 618 867)
Konica	(144 742)
MTN	(17 902)
Rentworks	(11 706 191)
Repayment of Long Term Liabilities	
Amasondo	4 976 668
Nashua	681 468
Konica	75 582
MTN	2 983
Rentworks	2 047 710
Total	<u>(104 622 886)</u>
35.3 VAT Previously reported	(24 717 498)
Implementation of Grap	
Leases Rentworks	547 800
Total	<u>(24 169 698)</u>
35.4 Depreciation previously reported	(330 829 075)
Implementation of Grap	
Leases:	
Amasondo	(4 976 668)
Nashua	(681 468)
Konica	(75 582)
MTN	(2 984)
Rentworks	(1 486 820)
Total	<u>(7 223 521)</u>
35.5 Accumulated Surplus / Deficit previously reported	(16 800 385)
Implementation of Grap	
Transferred to Accumulated Surplus / Deficit	5 646 273
Total	<u>(11 154 112)</u>

36 EXEMPTIONS

preparation of the Financial Statements to comply with the standards and parts or aspects of standards specified here

36.1 Property Plant and Equipment (Grap 17)

36.1.1 Review of useful life of items of PPE recognised in the annual financial statements
[paragraphs 59 – 61, and 77]

36.1.2 Review of depreciation method applied to PPE recognised in the annual financial statements
[paragraphs 62 and 77]

36.1.3 Impairment of non-cash-generating assets
[paragraphs 64 – 69 and 75(e)(v) – (vi)]

36.1.4 Impairment of cash-generating assets
[paragraphs 63 and 75(e)(v) – (vi)]

36.2 Impairment of Assets (IAS 36/AC 128)

36.2.1 Entire Standard



MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

36.3 Inventories (GAMAP 12)

36.3.1 The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of

36.3.2 The entire standard to the extent that it relates to water stock that was not purchased by the municipality

36.4 Investment Properties (IAS 40/AC 135)

36.4.1 The entire standard to the extent that the property is accounted for in terms of GAMAP 17

36.4.2 Disclosure of the fair value of investment property if the cost model is applied and where the municipality has
[paragraphs 79(e)(i) – (iii)]

36.5 Leases (IAS 17/AC 105)

of the cash flows in the lease agreement.

[SAICA circular 12/06 paragraphs 8 – 11 and paragraphs 33, 34, 50, 51 of IAS 17/AC 105]

36.6 Intangible Assets (IAS 38/AC 129)

website costs (SIC 32/AC 432) and all other costs are expensed

36.7 Employee Benefits (IAS 19/AC 116)

and the defined benefit obligation disclosed by narrative information.

[paragraphs 29, 48 – 119, 120A(c)-(q)]

36.8 Revenue (GAMAP 9)

36.8.1 Initial measurement of fair value discounting all future receipts using an imputed rate of interest

[SAICA circular 09/06 and paragraph 12]

36.9 Financial Instruments: Recognition and Measurement

36.9.1 Initially measuring financial assets and financial liabilities at fair value.

[SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39/AC 133]

36.10 Non-Current Assets held for Sale and Discontinued Operations (IFRS 5/AC 142)

36.10.1 Classification, measurement and disclosure of non-current assets held for sale.

[paragraphs 6 – 14, 15 – 29 (in so far as it relates to non-current assets held for sale), 38 – 42]

36.11 Financial Instruments: Disclosures (IFRS 7/AC 144)

36.11.1 Entire Standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements

36.12 Construction Contracts (IAS 11/AC 109)

36.12.1 Entire Standard

36.13 Business Combinations (IFRS 3/AC 140)

36.13.1 Entire Standard

36.14 Accounting for Government Grants and disclosures of Government Assistance IAS

36.14.1 Entire Standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of

37 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).

APPENDIX A

SCHEDULE OF LONG-TERM LIABILITIES

EXTERNAL LOAN REGISTER AS AT 30 JUNE 2008						
	INTEREST	REDEMPTION	LOAN NO.	BALANCE AS	RECEIVED	BALANCE AS
	RATE	DATE		AT	DURING	AT
				01/07/2007	THE YEAR	30/06/2008
				R	R	R
STOCK						
INCA	18.00%	2016/06/30	FV04-S	4 000 000	0	4 000 000
INCA	17.45%	2008/12/30	FVL108Z-S	1 100 000	0	1 100 000
TOTAL				5 100 000	0	5 100 000
EXTERNAL LOANS						
FBC Fidelity Investment	Floating	2008/10/24	FBC57492000383	11 000 000		11 000 000
INCA	10.97%	2016/06/30	MER-00-0001	47 210 954		43 977 101
Development Bank of South Africa	5.00%	2025/06/30	N/W 102298	1 876 817	15 323 366	17 200 183
Development Bank of South Africa	Floating	2011/12/31	25655	4 294 588		3 513 754
TOTAL				64 382 359	15 323 366	75 691 038
FINANCE LEASES						
ABSA	Floating	2008/08/01	62567029	215 553	770	0
ABSA	Floating	2008/09/01	59359628	232 349	919	0
ABSA	Floating	2008/12/01	62986064	428 461	2 643	108 055
ABSA	Floating	2008/10/01	63109784	211 358	1 601	71 184
ABSA	Floating	2009/12/01	65699163	35 609	580	21 787
ABSA	Floating	2008/05/01	671655611	26 266	79	0
Rentworks	Floating	2008/12/31	08104MCM0002	523 267	0	356 516
Rentworks	Floating	2009/01/01	08287MCM0003	308 483	0	200 341
Rentworks	Floating	2009/01/01	08316MCM0004	113 409	0	78 972
Rentworks	Floating	2009/04/01	08464MCM0005	2 618 111	0	1 814 427
Rentworks	Floating	2009/04/01	08578MCM0006	1 941 847	0	1 291 636
Rentworks	Floating	2009/07/01	08710MCM0007	1 150 069	0	882 543
Rentworks	Floating	2009/07/01	08890MCM0008	305 628	0	214 357
Rentworks	Floating	2009/10/01	09089MCM0009	425 633	0	331 697
Rentworks	Floating	2009/10/01	09441MCM0010	2 272 033	0	1 704 637
Amasondo	Fixed		Amasondo	23 310 970	11 726 268	27 737 180
MTN	Fixed		MTN1	14 918	1 169 070	785 884
Nashua	Fixed		NASHUA	937 399	995 205	1 491 144
Konica	Fixed		KONICA1	69 160	158 749	174 439
TOTAL				35 140 523	14 055 884	37 264 800
TOTAL LONG-TERM LIABILITIES				104 622 883	29 379 250	118 055 838

APPENDIX B
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Adjustments	Disposals	Closing Balance	Opening Balance	Additions	Review Lifespan	Disposals	Closing Balance	
Land and Buildings											
Land and Buildings	65 236 336		(37 517)		65 198 819	(64 253 889)	(34 926)		5 590	(64 283 225)	915 594
Undeveloped land	7 088 769				7 088 769						7 088 769
	72 325 105		(37 517)		72 287 588	(64 253 889)	(34 926)		5 590	(64 283 225)	8 004 363
Infrastructure											
Drains	34 840 267				34 840 267	(20 538 707)				(20 538 707)	14 301 560
Roads	55 656 950	3 102 377			58 759 326	(43 344 331)	(2 115 728)			(45 460 059)	13 299 268
Sewerage mains & Purification	93 860 120	25 715 427			119 575 547	(46 737 052)	(2 905 678)			(49 642 730)	69 932 817
Electricity mains	84 824 198	12 437 610			97 261 808	(77 811 548)	(238 694)			(78 050 243)	19 211 565
Electricity Peak control equipment	30 000				30 000	(29 999)				(29 999)	1
Water mains & Purification	35 343 866	4 998 495			40 342 361	(31 455 158)	(162 938)			(31 618 096)	8 724 264
Reservoirs water	3 319 458				3 319 458	(590 670)	(19 489)			(610 159)	2 709 299
Water meters	794 089				794 089	(103 112)	(54 053)			(157 165)	636 924
Pedestrian facilities	3 535 641				3 535 641	(2 440 639)	(57 300)			(2 497 939)	1 037 702
Airports	79 125				79 125	(79 123)				(79 123)	2
Security Measures	1 643 136				1 643 136	(1 643 022)				(1 643 022)	114
	313 926 851	46 253 909			360 180 759	(224 773 363)	(5 553 880)			(230 327 243)	129 853 516
Community assets											
Parks & Gardens	585 445				585 445					0	585 445
Libraries	514 778				514 778					0	514 778
Recreation Grounds	15 065 090	8 065 943			23 131 033	(7 527 417)	(61 258)			(7 588 676)	15 542 358
Community facilities	4 159 096	510 933	2 082		4 672 111					0	4 672 111
Clinics	190 880				190 880					0	190 880
Cemeteries	2 639 892	9 450			2 649 342					0	2 649 342
Other	289 217				289 217	(274 777)				(274 777)	14 440
	23 444 398	8 586 327	2 082		32 032 806	(7 802 194)	(61 258)			(7 863 453)	24 169 354
Heritage Assets											
Paintings & Art Galleries	42 877	2 856	1 455		47 188					0	47 188
	42 877	2 856	1 455		47 188					0	47 188
Housing Rental Stock											
Housing Schemes	26 892 786	17 760 818			44 653 605	(7 056 425)	(698 230)			(7 754 655)	36 898 950
	26 892 786	17 760 818			44 653 605	(7 056 425)	(698 230)			(7 754 655)	36 898 950
Other Assets											
Landfill sites	4 068 009	394 821			4 462 831	(3 283 289)	(33 003)			(3 316 293)	1 146 538
Office Equipment	1 366 536		(213 033)		1 153 503	(918 850)	(380 529)	181 569	369 091	(748 720)	404 783
Furniture & Fittings	7 594 142	371 426	589 408		8 554 976	(6 405 148)	(1 782 377)	2 787 855	38 185	(5 361 485)	3 193 490
Bins & Containers	693 911		(3 929)		689 981	(693 879)			3 926	(689 952)	29
Emergency equipment	65 112		(4 708)		60 404	(48 832)	(9 679)	17 191	4 705	(36 614)	23 790
Motor Vehicles	7 011 312		30 374	(1 651 441)	5 390 244	(6 580 979)	(396 893)	340 103	1 313 053	(5 324 717)	65 527
Fire engines	729 684		-		729 684	(729 680)	(17 097)	272 810		(473 967)	255 717
Computer equipment	2 340 808	550 660	(438 436)		2 453 032	(1 037 101)	(1 507 650)	56 655	596 512	(1 891 584)	561 448
Plant & Equipment	10 226 099	1 125 124	319 512		11 670 735	(7 199 240)	(1 395 576)	970 947		(7 623 869)	4 046 866
	34 095 614	2 442 031	279 187	(1 651 441)	35 165 390	(26 896 999)	(5 522 805)	4 627 130	2 325 472	(25 467 202)	9 698 188
Inventory Items											
Small assets	46 255	26 055	6 540		78 850	(46 205)	(2 382)			(48 586)	30 264
	46 255	26 055	6 540		78 850	(46 205)	(2 382)			(48 586)	30 264
Leased Assets											
Cell Phones	17 902	1 222 107			1 240 008	(2 985)	(17 744)			(20 729)	1 219 280
Fax Machines	27 081				27 081	0	(5 416)			(5 416)	21 665
Copiers	1 763 609	652 847			2 416 456	(757 049)	(307 981)			(1 065 030)	1 351 426
Vehicles	28 287 638	11 726 268			40 013 906	(4 976 668)	(5 005 390)			(9 982 058)	30 031 848
Furniture and Equipment	4 951 228				4 951 228	(1 486 819)	(124 882)			(1 611 701)	3 339 527
	35 020 377	13 628 303			48 648 680	(7 223 521)	(5 461 413)			(12 684 935)	35 963 746
	505 794 263	88 700 299	251 746	(1 651 441)	593 094 866	(338 052 596)	(17 334 894)	4 627 130	2 331 063	(348 429 298)	244 665 569

-330829073.7 -17600223.97 -4 627 130.1400 -353 056 427.82

(7 223 522) 265 330 6 958 193 -4 627 130.23

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Adjustments	Disposals	Closing Balance	Opening Balance	Additions	Review Life of Assets	Adjustments	Closing Balance	
Executive & Council	82 363 991	1 055 489	(139 423)		83 280 057	(75 908 669)	(1 263 945)	92 188	133 783	(76 946 642)	6 333 414
Finance & Admin	57 193 740	1 768 852	696 507		59 659 099	(46 853 726)	(2 445 196)	878 481	340 223	(48 080 217)	11 578 882
Planning & Development	31 531 963	749 281	(25 584)		32 255 660	(28 346 454)	(309 517)	66 405	22 906	(28 566 659)	3 689 000
Health	3 250 526	166 604	(52 906)		3 364 224	(1 627 838)	(275 731)	272 810	35 327	(1 595 432)	1 768 792
Community & Social	5 816 961	844 009	23 251		6 684 220	(1 318 492)	(645 442)	32 674	2 211	(1 929 050)	4 755 170
Housing	20 813 421	18 012 284	22 337		38 848 042	(789 724)	(794 557)	68 265	145	(1 515 870)	37 332 173
Public Safety	4 222 605	1 825 821	(238 862)		5 809 564	(2 003 856)	(768 658)	104 777	281 331	(2 386 405)	3 423 159
Sport & Recreation	17 156 871	4 446 758	(98 882)		21 504 747	(8 754 870)	(1 053 415)	114 406	123 421	(9 570 458)	11 934 289
Waste Management	115 463 880	33 229 003	71 064	(1 651 441)	147 112 505	(58 566 671)	(5 185 501)	2 383 147	1 317 235	(60 051 790)	87 060 714
Road transport	31 928 426	5 369 040	(21 311)		37 276 155	(4 208 167)	(2 218 474)		17 879	(6 408 762)	30 867 393
Water	44 163 639	6 277 579	27 099		50 468 317	(33 725 056)	(973 338)		4 652	(34 693 742)	15 774 575
Electricity	86 253 678	14 955 580	11 632		101 220 890	(74 208 317)	(1 337 362)	167 814	28 777	(75 349 088)	25 871 802
Other	5 634 563		(23 176)		5 611 387	(1 740 755)	(63 759)	446 161	23 172	(1 335 182)	4 276 206
TOTAL	505 794 263	88 700 300	251 746	(1 651 441)	593 094 867	(338 052 596)	(17 334 894)	4 627 130	2 331 063	(348 429 297)	244 665 570

ANNEXURE D

**MERAFONG CITY LOCAL MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 June 2008**

Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
6 650 590	48 992 698	(42 342 108)	<u>Executive & Council</u>	1 044 463	45 979 445	(44 934 982)
147 371 758	70 728 141	76 643 617	<u>Finance & Admin</u>	158 968 317	125 293 196	33 675 121
9 059 859	7 184 289	1 875 570	<u>Planning & Development</u>	70 939 194	10 567 700	60 371 494
3 765 086	9 623 571	(5 858 485)	<u>Health</u>	15 908 292	24 571 643	(8 663 352)
925 347	5 292 385	(4 367 038)	<u>Community & Social Services</u>	917 976	6 460 664	(5 542 688)
128 820	3 591 627	(3 462 807)	<u>Housing</u>	1 206 089	5 316 700	(4 110 610)
12 397 446	24 444 234	(12 046 788)	<u>Public Safety</u>	11 657 932	20 454 422	(8 796 490)
238 607	16 432 307	(16 193 700)	<u>Sport & Recreation</u>	249 643	17 970 268	(17 720 625)
0	1 645 337	(1 645 337)	<u>Environmental Protection</u>	2 443 262	2 556 757	(113 495)
20 119 265	21 157 980	(1 038 715)	<u>Waste Management</u>	21 716 232	23 698 278	(1 982 046)
0	7 484 634	(7 484 634)	<u>Road Transport</u>	0	8 098 455	(8 098 455)
86 945 489	71 517 889	15 427 600	<u>Water</u>	136 892 552	109 578 095	27 314 457
83 910 409	75 688 699	8 221 710	<u>Electricity</u>	86 290 886	72 256 111	14 034 775
14 656 702	10 674 040	3 982 662	<u>Waste Water Management</u>	15 078 360	17 651 445	(2 573 085)
386 169 377	374 457 832	11 711 546	Total	523 313 197	490 453 180	32 860 018

APPENDIX E(1)

MERAFONG CITY LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual (R)	2008 Budget (R)	2008 Variance (R)	2008 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	55 618 834	1 461 413	54 157 421	3705.83%	
Property rates - penalties imposed and collection charges	3 752 778	79 747 467	(75 994 689)	-95.29%	
Service charges	255 550 962	3 861 359	251 689 603	6518.16%	
Rental of facilities and equipment	941 304	302 600 286	(301 658 982)	-99.69%	The under performance is as a result of the Kine that could not be rented out. Council went out on tender on various occasions with no success.
Interest earned - external investments	9 120 940	711 933	8 409 007	1181.15%	Council implemented a strict cash management resulting in an increase in investment income.
Interest earned - outstanding debtors	16 530 946	10 291 740	6 239 206	60.62%	
Fines and Licences and Permits	11 455 360	25 036 000	(13 580 640)	-54.24%	
Income for agency services	245 984	0	245 984		
Government grants and subsidies	145 681 060	363 935 215	(218 254 155)	-59.97%	A project in Kokosi progressed slowly and the contractors contract was terminated. The Khutsong Ext 1,2 & 3 project was subjected to the protocol agreement between the two provinces. The project was approved by Gauteng but North-West could not take the project over. A phase in approach was approved and the commencement of the project was delayed for twelve months. The project could only commenced in the last month of the financial year
Other income	16 553 369	353 335 541	(336 782 172)	-95.32%	National Lottery Fund approved certain capital projects for the 2007/2008 financial year. These funds were never received.
Public contributions, donated/contributed PPE	4 726 965		4 726 965	#DIV/0!	The budget was provided for as Other income See note above.
Gains on disposal of property, plant and equipment	3 134 693	4 769 326	(1 634 633)	-34.27%	Council budgeted for a sale of redundant stock and Scrap that did not materialise.
Total Revenue	523 313 197	1 145 750 280	(622 437 085)	-54.33%	
EXPENDITURE					
Executive & Council	45 979 445	50 939 652	(4 960 207)	-9.74%	
Finance & Admin	125 293 196	83 111 071	42 182 125	50.75%	Council implemented a system that ensure that uncollectable debt is provided for. This has resulted in that provision for bad debt had increase substantially. Further council changed its Asset Management Policy prescribing that all assets below R5000 be written of in one year.
Planning & Development	10 567 700	286 277 736	(275 710 036)	-96.31%	See one under revenue
Health	24 571 643	24 819 804	(248 161)	-1.00%	
Community & Social Services	6 460 664	5 725 399	735 265	12.84%	Council changed its Asset Management Policy prescribing that all assets below R5000 be written of in one year. Depreciation increased substantially
Housing	5 316 700	3 775 877	1 540 823	40.81%	Council changed its Asset Management Policy prescribing that all assets below R5000 be written of in one year. Depreciation increased substantially
Public Safety	20 454 422	22 733 120	(2 278 698)	-10.02%	Council did not fill all its vacancies
Sport & Recreation	17 970 268	16 354 264	1 616 004	9.88%	
Environmental Protection	2 556 757	2 561 646	(4 889)	-0.19%	
Waste Management	41 349 723	49 381 635	(8 031 912)	-16.26%	Council did not fill all its vacancies
Road Transport	8 098 455	5 679 544	2 418 911	42.59%	
Water	109 578 095	125 053 742	(15 475 647)	-12.38%	
Electricity	72 256 111	81 558 066	(9 301 955)	-11.41%	Council did not fill all its vacancies
Total Expenditure	490 453 179	757 971 556	(267 518 377)	-35.29%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	32 860 018	387 778 724	(354 918 706)	-91.53%	

APPENDIX E(2)						
MERA FONG CITY LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008						
	<u>2008 Actual</u>	<u>2008 Total Additions</u>	<u>2008 Budget</u>	<u>2008 Variance</u>	<u>2008 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus Budget</u>
	R	R	R	R	%	
Executive & Council	1 055 489	1 055 489	725 900	(329 589)	-45.40%	Funds were not provided for during the 2007/2008 budget and savings from other departments were utilised
Finance & Admin	1 768 852	1 768 852	4 757 600	2 988 748	62.82%	Council planned to erect a call centre that did not materialise
Planning & Development	749 281	749 281	2 725 038	1 975 757	72.50%	The planned Youth Car was centre could not be commenced with during the year due to councils financial situation.
Health	166 604	166 604	2 250 000	2 083 396	92.60%	Health is a Provincial competency
Community & Social Services	844 009	844 009	8 888 983	8 044 974	90.51%	National Lottery Fund approved certain capital projects for the 2007/2008 financial year. These funds were never received.
Housing	18 012 284	18 012 284	153 232 873	135 220 589	88.25%	A project in Kokosi progressed slowly and the contractors contract was terminated. The Khutsong Ext 1,2 & 3 project was subjected to the protocol agreement between the two provinces. The project was approved by Gauteng but North-West could not take the project over. A phase in approach was approved and the commencement of the project was delayed for twelve months. The project could only commenced in the last month of the financial year
Public Safety	1 825 821	1 825 821	99 400	(1 726 421)	-1736.84%	Funds were not provided for during the 2007/2008 budget and savings from other departments were utilised
Sport & Recreation	4 446 758	4 446 758	19 272 925	14 826 168	76.93%	National Lottery Fund approved certain capital projects for the 2007/2008 financial year. These funds were never received.
Waste Management	33 229 003	33 229 003	47 960 247	14 731 244	30.72%	The Two planned Waste Water Treatment Plants to be erected is behind schedule.
Road Transport	5 369 040	5 369 040	5 977 335	608 295	10.18%	Saving due to Councils cost saving exercise
Water	6 277 579	6 277 579	11 915 142	5 637 563	47.31%	During the budget process Council approved a project to install pre paid meters financed from an external loan. This could not commence due to the High Court decision on the legality of pre paid meters.
Electricity	14 955 580	14 955 580	18 150 000	3 194 420	17.60%	The slow process of Khutsong Ext 1,2 and 3 as reported above had a direct impact on the under performance of this vote. Council did not commenced with the construction of the Sub Station for the extensions.
Other	0	0	0	0		
TOTAL	88 700 300	88 700 300	275 955 444	187 255 144	67.86%	

APPENDIX F

MERAFONG CITY LOCAL MUNICIPALITY DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003.

Grant and Subsidies Received

Name of Grants	Name of organ of state or municipal entity													Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance		
		Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld								
		March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec					
Equitable Share	National Treasury	27 207 573		21 766 058	16 324 544	16 324 544	16 324 544	16 324 544	16 324 544		0		0		0	n/a	Yes	
		27 207 573		21 766 058	16 324 544	16 324 544	16 324 544	16 324 544	16 324 544									

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share